

# ISSUE BRIEF

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## International Affairs Budget Needs Stronger Congressional Scrutiny

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Appropriations for all or part of fiscal year (FY) 2014 are expected to be adopted under a continuing resolution (CR). This practice keeps the government funded, but it fails to resolve stark differences between the Obama Administration, the Senate, and the House over funding for the international affairs budget, which includes the Department of State, the U.S. Agency for International Development (USAID), and contributions to the United Nations and other international organizations and activities. Complicating matters is the fact that Congress has not passed an authorization bill relating to this budget since 2003.

Without the periodic scrutiny inherent in the authorization process, Congress cannot be certain that its appropriations provide good value to the American taxpayer or reflect the evolving needs of U.S. interests and policy priorities.

**Significant International Affairs Budget Disagreements.** There are significant disparities between the three key parties involved in approving resources for America's international affairs activities:

- President Obama's budget requests \$51.84 billion for the international affairs budget<sup>1</sup>;
- The House FY 2014 State and Foreign Operations Appropriations bill totals \$40.78 billion<sup>2</sup>; and
- The Senate FY 2014 State and Foreign Operations and Related Programs Appropriations bill totals \$49.49 billion.<sup>3</sup>

Within these overall budget numbers, there are areas of agreement: Both the House and the Senate provided funding for embassy security at the Administration's requested level, for instance. However, there are significant disagreements, particularly over funding for State Department diplomatic and consular programs, contributions to international organizations (CIO), USAID operating expenses, bilateral economic assistance, and international organizations and programs. The cumulative funding gap—an \$11 billion difference between the House appropriation and the Administration's request—represents over 20 percent of the entire international affairs budget.

**Circumventing Normal Congressional Processes.** The authorization process is the means by which Congress is supposed to oversee, evaluate, and make changes to the State Department and related programs. It does so by authorizing expenditure of funds, establishing budgetary limits, and amending the law to give instruction or prohibition.

A stand-alone appropriations bill for the State Department and foreign operations has not been enacted since FY 2006. Moreover, although the House and Senate have occasionally passed authorization

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bills relating to the State Department or other programs or organizations relating to the international affairs budget, the most recently enacted State Department authorization bill was for FY 2003.

In the absence of an authorization bill, Congress has frequently incorporated legislative tweaks and funding adjustments in various CRs and omnibus appropriations bills. It is expected to pass another CR in the next few weeks.

This practice, however, diminishes the authority of the authorization committees vis-à-vis the appropriation committees and undermines the oversight responsibilities of Congress in scrutinizing and prioritizing appropriations to reflect changing national interests, current information on performance or effectiveness, or necessary reform.

The practical effect of the CR will be to keep appropriations at FY 2013 levels adjusted for other budgetary constraints such as sequestration unless Congress specifically states otherwise.

**Ten Years of Budget Growth and Other Change.** The international affairs budget has grown sharply since 2003. Specifically, according to data compiled by the Office of Management and Budget (OMB), budget authority for:

- International affairs nearly doubled from \$31.69 billion (\$39.69 billion in 2013 dollars) in FY 2003 to \$58.84 billion in FY 2013;
- Diplomatic and consular programs nearly tripled from \$3.93 billion (\$4.92 billion) in FY 2003 to \$10.97 billion in FY 2013;

- International development and humanitarian assistance increased by 55 percent from \$15.11 billion (\$18.92 billion) in FY 2003 to \$23.4 billion in FY 2013;
- CIO nearly doubled from \$893 million (\$1.12 billion) in FY 2003 to \$1.57 billion in FY 2013;
- USAID operating expenses more than doubled from \$589 million (\$738 million) in FY 2003 to \$1.35 billion in FY 2013.<sup>4</sup>

In addition to the budgetary increases, America's international priorities have shifted, and new information has become available over the past 10 years that compel congressional scrutiny and discussion best conducted through an authorization process.

The State Department has undergone significant reorganization—including a proliferation of offices and bureaus that lack specific congressional authorization—and significantly increased employment. Threats to and attacks on U.S. officials overseas, such as in Benghazi, make clear the need to review and strengthen security at embassies and consulates.

In addition, the President and Congress have considered significant changes to international affairs programs, including overhauling America's food assistance programs. U.S. assistance to countries such as Egypt merit congressional review in light of recent political developments.

The cost of U.S. membership in international organizations continues to grow, as does their

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1. The President's budget requested \$51.96 billion for the international affairs budget, of which \$48.15 billion was for regular (or "enduring") budgetary expenditures and another \$3.81 billion for temporary budgetary expenditures relating to overseas contingency operations and global war on terrorism (OCO or OCO/GWOT). However, the House and Senate reports listed slightly lesser figures, which for consistency are used above. See U.S. Department of State, "Congressional Budget Justification, FY 2014," Volume 2: Foreign Operations, p. 20, <http://www.state.gov/documents/organization/208290.pdf> (accessed September 27, 2013).

2. This includes \$35.03 billion in appropriations for regular budgetary expenditures and \$6.52 billion for OCO expenditures. News release, "Appropriations Committee Approves the Fiscal Year 2014 State and Foreign Operations Bill," Committee on Appropriations, U.S. House of Representatives, July 24, 2013, <http://appropriations.house.gov/news/documentsingle.aspx?DocumentID=343790> (accessed September 27, 2013). Details available here: <http://www.gpo.gov/fdsys/pkg/CRPT-113hrpt185/pdf/CRPT-113hrpt185.pdf> (accessed September 27, 2013).

3. This includes \$44.26 billion in appropriations for regular budgetary expenditures and \$6.52 billion for OCO expenditures. News release, "Committee Approves FY 2014 State, Foreign Operations, and Related Programs; Financial Services and General Government Bills," Committee on Appropriations, U.S. Senate, July 25, 2013, <http://www.appropriations.senate.gov/news.cfm?method=news.view&id=7ae3f9ce-f18c-4c92-986d-4552443406a2> (accessed September 27, 2013). Details available here: <http://www.gpo.gov/fdsys/pkg/CRPT-113s rpt81/pdf/CRPT-113s rpt81.pdf> (accessed September 27, 2013).

4. Office of Management and Budget, *Historical Tables*, Table 5.1—Budget Authority by Function and Subfunction: 1976–2018 and Table 10.1—Gross Domestic Product and Deflators Used in the Historical Tables: 1940–2018, <http://www.whitehouse.gov/omb/budget/Historicals> (accessed September 26, 2013); and Office of Management and Budget, "Public Budget Database: Budget Authority," <http://www.whitehouse.gov/omb/budget/Supplemental> (accessed September 26, 2013).

number. Yet the U.S. does not rigorously or routinely weigh the costs of U.S. membership against the benefits. For instance, the U.S. ratified the International Renewable Energy Agency statute and joined the organization in 2011 without a single congressional hearing or debate following the quiet inclusion of a single sentence in the FY 2010 Supplemental Appropriations Act.

A comprehensive cost-benefit analysis of U.S. membership in international organizations has not been conducted since the 1990s—after which the U.S. withdrew from the U.N. Industrial Development Organization—and is long overdue. A 2011 United Kingdom assessment concluded that four U.N. organizations offered “poor value for money,” and an independent academic study assessing best and worst practices among aid agencies ranked U.N. agencies among the worst.<sup>5</sup> Clearly, not all U.N. organizations are equally important or necessarily provide good value, and Congress has a responsibility to ensure that taxpayer dollars are spent productively.

**Next Steps.** The House is expected to vote soon on the Department of State Operations and Embassy Security Authorization Act for Fiscal Year 2014. Although disagreement may arise from the specific content, the bill fulfills the authorization responsibilities of Congress by establishing congressional intent through updated budgetary limits, authorization for past restructuring, detailed direction on diplomatic and embassy security, funding prohibitions, reporting requirements, and other administrative guidelines. The Senate Foreign Relations Committee passed a related, albeit narrower, bill addressing embassy security. Either vehicle provides an opportunity to address the authorization dearth. Congress should:

- Authorize funding at levels consistent with the goal of balancing the federal budget within 10 years;

- Determine if more recent State Department restructuring was necessary and consistent with overarching policy priorities;
- Ensure that embassies and diplomatic outposts are secure and protected;
- Implement reforms to enhance State Department and USAID accountability, facilitate staffing flexibility, and clarify compensation;
- Review the effectiveness of development and humanitarian assistance programs, implement reforms to make food assistance more efficient and cost effective, and assess whether current assistance allocations align with global priorities; and
- Enhance transparency and accountability in international organizations by requiring annual OMB reports on U.S. contributions, including foreign assistance totals in the annual *Voting Practices in the United Nations* report, requiring a thorough cost-benefit analysis of U.S. participation in all international organizations, and withholding a portion of U.S. contributions unless the U.N. adopts stronger protections for whistleblowers.

In addition, Congress should not reverse current law that protect U.S. interests, such as the prohibition on U.S. contributions to international organizations that grant full membership to the Palestinians and the 25 percent cap on U.S. contributions to U.N. peacekeeping.<sup>6</sup>

**Asserting Congressional Authority.** The failure of Congress to complete the authorization process has forestalled important performance and policy review. Regardless of how the FY 2014 appropriations situation is resolved, Congress should make it a priority in the upcoming months to engage in a rigorous examination of the State Department,

5. United Kingdom Department for International Development, *Multilateral Aid Review*, March 2011, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/67583/multilateral\\_aid\\_review.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67583/multilateral_aid_review.pdf) (accessed September 26, 2013); and William Easterly and Claudia R. Williamson, “Rhetoric versus Reality: The Best and Worst of Aid Agency Practices,” May, 14 2012, <http://ssrn.com/abstract=2058330> or <http://dx.doi.org/10.2139/ssrn.2058330> (accessed September 26, 2013).

6. See Brett D. Schaefer, “Congress Should Challenge the Administration’s UNESCO and U.N. Peacekeeping Budget Request,” Heritage Foundation *Issue Brief* No. 3914, April 17, 2013, <http://www.heritage.org/research/reports/2013/04/obama-administration-s-unesco-and-un-peacekeeping-budget>.

USAID, and international organizations to review performance and practices, realign congressional authorization to reflect current concerns, and enact updated instructions and prohibitions to convey congressional intent.

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